



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Public Hearing to Hear Protests on the Proposed Water Rate Increase for PCE/TCE Remediation and to Consider Adoption of Resolution Establishing Water Rates

MEETING DATE: September 21, 2005

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council conduct a public hearing to hear protests on a resolution adopting a water rate increase, and adopt the recommended rates per Exhibit A.

BACKGROUND INFORMATION: Background material on the proposed water rate increase for PCE/TCE remediation (Exhibit A) in the form of the previous staff report on the subject is attached as Exhibit B. This staff report focuses on revisions, comments and events that have occurred since approval of the proposed rates.

- Public Information – Formal notices were mailed to each property owner on August 5, 2005. Background material, including the proposed rates, has been posted on the City's web site. Presentations on the proposed rates have been made to various groups, including the Chamber of Commerce Government Relations Committee. The "Frequently Asked Questions" included in the Council presentation have been available at various City offices. A number of news, editorial, columns and "letters to the editor" items have appeared in local newspapers. Some citizens have gone door-to-door soliciting protests. City staff has responded to dozens of telephone calls regarding the proposal. The Howard Jarvis Taxpayers Association weighed in on Lodi's decision regarding property owners and renters and has indicated to the City Attorney that it will not challenge the position as long as renters are allowed to be heard at the public hearing.
- Water Safety – A number of callers questioned the safety of the water being provided by the City. To be clear – the water provided by the City meets the variety of health and safety parameters set by Federal and State regulations. While a few wells have shown trace amounts of these contaminants, they are far below allowable levels. However, if left unchecked, a number of wells will need to be shut down, in addition to the two wells already lost.
- Meters – Of the citizens who contacted the City regarding this proposal in writing, over a hundred criticized the "per bedroom" rate and 20 specifically requested a meter. As mentioned previously, this year's water utility budget includes funds for an initial purchase of approximately 400 meters to begin collecting additional usage data in order to verify our rate structure. However, we do have a metered water rate (currently we have over 900 businesses on meters), and that rate could be used for residences. Staff proposes to return to the City Council later this year to present cost and policy options regarding implementing residential meters.
- Expiration Date – A number of callers understood the need for the increase but questioned how long it would remain in effect, concerned that it would never go away. Given that the clean up will likely take 30 years or so, staff has been reluctant to specify a firm expiration date for the

APPROVED: 
Blair King, City Manager

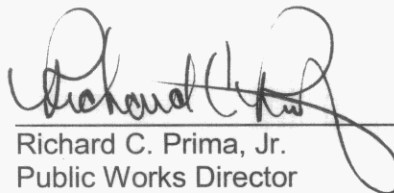
increase. The bulk of the clean up costs will occur in the next few years. Our current cash flow estimates indicate that the PCE/TCE fund will carry a negative balance until 2013. Theoretically, the rate increase could be reduced at that point, but that is too far in the future to accurately predict. However, as actual costs are incurred and future costs become known with a higher degree of certainty, reducing the amount of the increase will be possible at some point. Also, as part of the strategy to minimize the amount of the rate increase, in addition to meeting clean up costs, repayment of the \$12.2 million deficit from PCE/TCE past expenses is being both delayed for two years and spread out over fifteen years.

To keep this issue in everyone's minds, the following measures are being proposed:

- The additional amount will be shown separately on residential flat rate and metered rate bills. (Our billing system cannot show the amount separately on the approximately 300 commercial flat rate bills without extensive manual work.)
- Remediation costs and revenue will be tracked separately.
- The recommended rate adoption resolution includes provisions to report costs and revenue annually with the budget.
- Protests – As of September 14, 2005, the City has received 2,111 verified protests. The total number of parcels notified is 18,939 and verified protests representing 9,471 parcels are needed to constitute a majority protest. This figure will be updated following closing of the hearing. Depending on the number received, the City Clerk will either: a) determine the number of protests is less than a majority, or b) request additional time to verify protests received during the hearing.
- Proposed Rates – As shown on Exhibit A, the proposed increase for PCE/TCE is being implemented in three steps: January 2006, July 2006, and July 2007. The increase for a typical 3-bedroom home is \$3.50 per month in the first step and \$10.50 (total) per month in July 2007. For other customers, the monthly amount ranges from \$2.09/\$6.26 (first/third steps) for a one-bedroom apartment to \$36.75/\$110.25 for the largest commercial classification. The rate table is the same as presented earlier with two exceptions:
 - The metered rates are shown without a “commercial” designation – i.e., they could be applied to residential uses as well.
 - A smaller meter has been added (5/8” x 3/4”) to allow for low-consumption users. The base rate for this meter size is set relative to the standard 3/4” meter based on total cost relationships recommended by the American Waterworks Association.

FISCAL IMPACT: Once the final step of the three-step rate increase is implemented, additional annual revenue will be approximately \$3 million.

FUNDING AVAILABLE: Not applicable.



Richard C. Prima, Jr.
Public Works Director

RCP/pmf

City of Lodi Water Rate Table

Exhibit A

Proposed Water Rates Fiscal Years 2005/06 through 2007/08

Flat Rates Single-Family Residential	Current Rates Effective 5/1/2005				Rates Effective 1/1/2006				Rates Effective (1) 7/1/2006				Rates Effective (1) 7/1/2007			
	Base	Infr.	PCE/ TCE	Monthly Total	Base	Infr.	PCE/ TCE	Monthly Total	Base	Infr.	PCE/ TCE	Monthly Total	Base	Infr.	PCE/ TCE	Monthly Total
1 BR - House	13.67	4.97	0.00	18.64	13.67	4.97	2.43	21.07	13.67	4.97	4.86	23.50	13.67	4.97	7.29	25.93
2 BR - House	16.41	5.97	0.00	22.38	16.41	5.97	2.92	25.30	16.41	5.97	5.84	28.22	16.41	5.97	8.76	31.14
3 BR - House	19.68	7.15	0.00	26.83	19.68	7.15	3.50	30.33	19.68	7.15	7.00	33.83	19.68	7.15	10.50	37.33
4 BR - House	23.64	8.60	0.00	32.24	23.64	8.60	4.20	36.44	23.64	8.60	8.41	40.65	23.64	8.60	12.61	44.85
5 BR - House	28.36	10.32	0.00	38.68	28.36	10.32	5.04	43.72	28.36	10.32	10.09	48.77	28.36	10.32	15.13	53.81
6 BR - House	34.03	12.38	0.00	46.41	34.03	12.38	6.05	52.46	34.03	12.38	12.10	58.51	34.03	12.38	18.16	64.57
7 BR - House	40.82	14.85	0.00	55.67	40.82	14.85	7.26	62.93	40.82	14.85	14.52	70.19	40.82	14.85	21.78	77.45
Multi-Family Residential																
1 BR - APT	11.73	4.27	0.00	16.00	11.73	4.27	2.09	18.09	11.73	4.27	4.17	20.17	11.73	4.27	6.26	22.26
2 BR - APT	14.07	5.12	0.00	19.19	14.07	5.12	2.50	21.69	14.07	5.12	5.00	24.19	14.07	5.12	7.51	26.70
3 BR - APT	16.88	6.14	0.00	23.02	16.88	6.14	3.00	26.02	16.88	6.14	6.00	29.02	16.88	6.14	9.01	32.03
4 BR - APT (2)	20.26	7.38	0.00	27.64	20.26	7.38	3.60	31.24	20.26	7.38	7.21	34.85	20.26	7.38	10.81	38.45
Flat- Rate Commercial Customers - Varies					Flat rates increase 13.05% 01/01/06				Flat rates increase 11.545% 07/01/06				Flat rates increase 10.35% 07/01/07			
Metered Rates (3)	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE
5/8" x 3/4" meter	-	-	-	-	14.35	0.490	0.233	3.19	14.35	0.490	0.233	6.37	14.35	0.490	0.233	9.56
3/4" meter (Standard)	15.77	0.490	0.233	0.00	15.77	0.490	0.233	3.50	15.77	0.490	0.233	7.00	15.77	0.490	0.233	10.50
1" meter	23.65	0.490	0.233	0.00	23.65	0.490	0.233	5.25	23.65	0.490	0.233	10.51	23.65	0.490	0.233	15.76
1 1/2" meter"	31.53	0.490	0.233	0.00	31.53	0.490	0.233	7.00	31.53	0.490	0.233	14.00	31.53	0.490	0.233	21.01
2" meter	39.43	0.490	0.233	0.00	39.43	0.490	0.233	8.76	39.43	0.490	0.233	17.51	39.43	0.490	0.233	26.27
3" meter	55.19	0.490	0.233	0.00	55.19	0.490	0.233	12.26	55.19	0.490	0.233	24.51	55.19	0.490	0.233	36.77
4" meter	70.96	0.490	0.233	0.00	70.96	0.490	0.233	15.76	70.96	0.490	0.233	31.52	70.96	0.490	0.233	47.28
6" meter	102.60	0.490	0.233	0.00	102.60	0.490	0.233	22.77	102.60	0.490	0.233	45.53	102.60	0.490	0.233	68.30
8" meter	134.06	0.490	0.233	0.00	134.06	0.490	0.233	29.75	134.06	0.490	0.233	59.50	134.06	0.490	0.233	89.25
10" meter	165.60	0.490	0.233	0.00	165.60	0.490	0.233	36.75	165.60	0.490	0.233	73.50	165.60	0.490	0.233	110.25

- (1) Rates effective each July 1 will be adjusted for changes in the Consumer Price Index
- (2) Plus 20% for each additional bedroom
- (3) Monthly total for metered customers depends on amount of water used; ccf = one hundred cubic feet
- (4) Established City Utility Discounts apply to above rates



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Establish Proposed Rates and Set Public Hearing on September 21, 2005, to Hear Protests on Resolution Adopting Water Rate Increase

MEETING DATE: July 20, 2005

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council establish proposed rates and set a public hearing on September 21, 2005, to hear protests on a resolution adopting a water rate increase.

BACKGROUND INFORMATION: For many years now, the City has been coping with the legal and technical issues surrounding PCE and TCE contamination in the Central City area. The net cost for these activities has been borne by the water fund until FY 04/05 in which approximately half was also advanced from the wastewater fund. This includes use of some of the funds collected for the purpose of infrastructure replacement. While the total and final cost of remediation is not precisely known, it has been reasonably estimated. The City must raise water rates in order to maintain the cash flow of the utility. Not doing so will place the General Fund at risk, thus jeopardizing public safety and other services provided by the General Fund.

The City recently retained the services of Bartle Wells Associates to analyze the water and wastewater funds and make recommendations regarding rates. The results of their work will be presented at the Shirtsleeve Session on Tuesday, July 19, 2005. However, one early conclusion they reached was that the rate increase should be applied to the water utility only. In reviewing the wastewater fund and examining existing bond covenants, they felt that including the wastewater fund in this program would result in rate increases higher than necessary for the PCE/TCE program in order to maintain coverage requirements, and it would complicate future financings in the wastewater utility, which will be necessary for improvements at the White Slough Water Pollution Control Facility.

Based on past Council actions and discussion and meetings between staff and Bartle Wells, the rate analysis is being done with the following assumptions and direction:

- The net amount of money for the PCE/TCE program (total costs minus third party recoveries) is \$45.7 million. This is an "all-in" cost that includes capital, operating, legal and regulatory oversight expenses for an estimated 30-year remediation time frame and also includes "repayment" of approximately \$12.2 million in past expenses advanced by the water and wastewater funds through FY 04/05. While the majority of these costs are directly for remediation efforts, a significant portion is related to settlement of claims which are considered confidential because revealing the amounts the City has set aside to settle remaining claims would compromise our ability to settle them; thus, a breakdown is not being provided.
- The above net cost is spread over 30 years based on anticipated cash flow requirements with the "repayment" starting in three years and spread over fifteen years. Given capital requirements for the remediation systems, the cash flow is heavily front-loaded.

APPROVED:


Blair King, City Manager

Establish Proposed Rates and Set Public Hearing on September 21, 2005 to Hear Protests on
Resolution Adopting Water Rate Increase

July 20, 2005

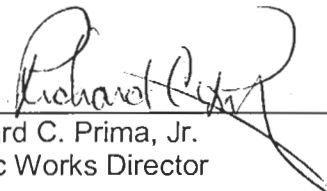
Page 2

- The water utility's General Fund contribution will be maintained at current levels; i.e., the rate increase will be revenue neutral to the General Fund.
- The analysis includes estimates of general operating cost increases and restoration of the infrastructure replacement program at previously contemplated levels. In addition, an allowance has been made for the cost of retrofitting water meters as required by State law. Provisions for minor annual increases based on the Consumer Price Index (as was recently done for the Water Utility) will significantly help maintain this level of service.
- The analysis to be presented will include alternative approaches to funding the PCE/TCE issue. One approach involves stepped increases with supplemental outside financing. While this will reduce the initial rate increases, financing costs over the long term will mean the increases will need to be in place longer. Another approach is to have a relatively higher initial increase to avoid financing and allow for rate reductions once the capital and other early costs are paid.
- The public will be notified under a Proposition 218 notice; property owners by direct mail and utility customers with a notice in the bill. This process provides for a majority protest by property owners in accordance with the State Constitution. The notice will include provisions for future increases based on the Consumer Price Index.

Bartle Wells will be at the Shirtsleeve Session, as well as at the Council meeting on July 20, to present the results of their analysis and make recommendations for Council consideration. Note that with the extended public notice time frame, staff and Bartle Wells will have time to evaluate and respond to public and Council questions.

FISCAL IMPACT: To be determined.

FUNDING AVAILABLE: Not applicable.



Richard C. Prima, Jr.
Public Works Director

RCP/pmf

RESOLUTION NO. 2005-203

A RESOLUTION OF THE LODI CITY
COUNCIL ESTABLISHING WATER RATES

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WHEREAS, the Council of the City of Lodi finds as follows:

1. The City of Lodi provides water supply to its citizens;
2. The City charges customers of these utilities a charge to fund the on-going operation and maintenance of the water supply;
3. The City discovered the chlorinated solvents perchloroethylene (PCE) and trichloroethylene (TCE) in its groundwater in 1989, both of which are identified as hazardous to human health by state and federal regulators. The City then began a program to attempt to identify the responsible parties and secure recoveries to fund the remediation. Thereafter, the City was itself alleged to be a potentially responsible party for the contamination arising from the operation of its water and wastewater utilities and ultimately entered into a number of settlements with third parties in connection with the program;
4. The net cost for these activities has been borne by the water fund until fiscal year 2004-05, in which approximately half was also advanced from the wastewater fund. While the total and final cost of remediation including past costs and net of settlements with third parties is not precisely known, it has been reasonably estimated by staff and consultants at \$45.7 million. These costs could be fairly borne by either the water or wastewater funds or both since the City's alleged liability arises from both operations. Due to rate covenants associated with existing and anticipated financing in the wastewater utility, the overall impact will be lower on water rates than on wastewater rates. Thus, the City Public Works Director has recommended increases to the current water rates;
5. The Council directed that notice of a hearing thereon be given to the property owners in the City, with such notice to include, among other matters, the information required to be included pursuant to California law;
6. Such notice has been mailed to those property owners, at least 45 days before the hearing, as evidenced by a Certificate of Mailing on file with the City Clerk;
7. The Council also directed that notice of a hearing thereon be given with such notice to include the information required to be included pursuant to Government Code Section 54354.5;
8. Such notice has been published once each week for two weeks in the Lodi News-Sentinel as evidenced by Proofs of Publication on file with the City Clerk and additional notice has been provided in City utility bills;
9. On September 21, 2005, the City Council conducted said public hearing, at which time the City Council heard all objections and protests to the proposed increased rates;
10. Written protests against the proposed increased rates were not presented by a majority of the property owners.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Levy of Charges. Pursuant to Section 13.08.010 of the Lodi Municipal Code, the increased water rates as attached hereto as Exhibit "A" are hereby approved.

Section 3. Subsequent Adjustments. The rates shown in Exhibit A may be adjusted periodically by resolution, with Council approval following a public hearing, in an amount not to exceed the percentage change in the Consumer Price Index since the previous adjustment. The index used shall be the unadjusted San Francisco – All Urban Consumers Index as published by the United States Bureau of Labor Statistics or other index as approved by the City Council by resolution.

Section 4. Council Review. Staff shall report to Council within five years of the adoption of the attached rate schedule regarding the actual revenues and expenses of the remediation program to that date and projected future revenues and expenses for Council consideration of any needed adjustments to the rates.

Section 5. Program Accounting: The Finance Director is directed to account separately for all income and expenses of the remediation program so that the cost of the program can be readily compared to the funds raised by the rates set forth in Exhibit A.

Section 6. Effective Date. This resolution shall take effect from and after the date of its passage.

Dated: September 21, 2005

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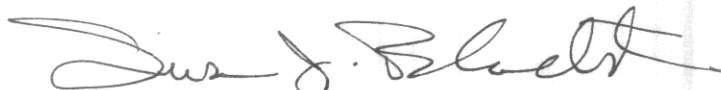
I hereby certify that Resolution No. 2005-203 was passed and adopted by the City Council of the City of Lodi in a regular meeting held September 21, 2005, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Hitchcock, and Johnson

NOES: COUNCIL MEMBERS – Mounce and Mayor Beckman

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



SUSAN J. BLACKSTON
City Clerk

City of Lodi Water Rate Table

Exhibit A

Proposed Water Rates Fiscal Years 2005/06 through 2007/08

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3 BR - APT	16.88	6.14	0.00	23.02	16.88	6.14	3.00	26.02	16.88	6.14	6.00	29.02	16.88	6.14	9.01	32.03
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Flat-Rate Commercial Customers - Varies					Flat rates increase 13.05% 01/01/06				Flat rates increase 11.545% 07/01/06				Flat rates increase 10.35% 07/01/07			
Metered Rates (3)	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE
5/8" x 3/4" meter	-	-	-	-	14.35	0.490	0.233	3.19	14.35	0.490	0.233	6.37	14.35	0.490	0.233	9.56
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1" meter	23.65	0.490	0.233	0.00	23.65	0.490	0.233	5.25	23.65	0.490	0.233	10.51	23.65	0.490	0.233	15.76
1 1/2" meter"	31.53	0.490	0.233	0.00	31.53	0.490	0.233	7.00	31.53	0.490	0.233	14.00	31.53	0.490	0.233	21.01
2" meter	39.43	0.490	0.233	0.00	39.43	0.490	0.233	8.76	39.43	0.490	0.233	17.51	39.43	0.490	0.233	26.27
3" meter	55.19	0.490	0.233	0.00	55.19	0.490	0.233	12.26	55.19	0.490	0.233	24.51	55.19	0.490	0.233	36.77
4" meter	70.96	0.490	0.233	0.00	70.96	0.490	0.233	15.76	70.96	0.490	0.233	31.52	70.96	0.490	0.233	47.28
6" meter	102.60	0.490	0.233	0.00	102.60	0.490	0.233	22.77	102.60	0.490	0.233	45.53	102.60	0.490	0.233	68.30
8" meter	134.06	0.490	0.233	0.00	134.06	0.490	0.233	29.75	134.06	0.490	0.233	59.50	134.06	0.490	0.233	89.25
10" meter	165.60	0.490	0.233	0.00	165.60	0.490	0.233	36.75	165.60	0.490	0.233	73.50	165.60	0.490	0.233	110.25

- (1) Rates effective each July 1 will be adjusted for changes in the Consumer Price Index
- (2) Plus 20% for each additional bedroom
- (3) Monthly total for metered customers depends on amount of water used; ccf = one hundred cubic feet
- (4) Established City Utility Discounts apply to above rates

PROOF OF PUBLICATION

(2015.5 C.C.C.P.)

STATE OF CALIFORNIA

County of San Joaquin

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the Lodi News-Sentinel, a newspaper of general circulation, printed and published daily except Sundays and holidays, in the City of Lodi, California, County of San Joaquin and which newspaper had been adjudicated a newspaper of general circulation by the Superior Court, Department 3, of the County of San Joaquin, State of California, under the date of May 26th, 1953. Case Number 65990; that the notice of which the annexed is a printed copy (set in type not smaller than non-pareil) has been published in each regular and entire issue of said newspaper and not in any supplement thereto on the following dates to-wit:

August 13th, 20th
.....

all in the year 2005.

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated at Lodi, California, this 20th day of
August-05

.....
Signature

This space is for the County Clerk's Filing Stamp

RECEIVED
2005 SEP 14 PM 12:3
CITY CLERK
CITY OF LODI

Proof of Publication of
City of Lodi Water Utility Special Notice

6526289

City of Lodi Water Utility Special Notice
Proposition 218 Notification
NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING
ON PROPOSED WATER RATE INCREASE

Hearing Date & Time: Wednesday, September 21, 2005, at 7:00 p.m. or as soon thereafter as the matter may be heard
Hearing Location: City of Lodi Council Chambers,
at the Carnegie Forum
305 West Pine Street, Lodi, CA 95240

Why a Water Rate Increase is Needed

The groundwater supply for the City of Lodi has been contaminated by PCE/TCE, two chemical solvents determined by federal and state health and environmental agencies to be hazardous to public health. In response to the presence of these pollutants, the City began identifying the source of contamination and also began action to remove PCE/TCE from its groundwater supply. Additionally, the City took legal action against potentially responsible parties and began efforts to comply with the regulatory requirements of the state agencies with jurisdiction over the presence and remediation of PCE/TCE in the groundwater supply.

The City and its technical consultants estimate the net cost of remediation to be \$45.7 million. Included are capital, operations and maintenance, administrative and legal costs. From the finding of PCE/TCE in the groundwater supply to the present, the City incurred over \$12 million of remediation, legal and regulatory expenses. These expenses were paid from City Utility funds that must now be repaid and are included in the above total.

Hearing

Proposition 218 requires that the City provide a notice of the proposed rate schedule to all property owners forty-five (45) days prior to holding a public hearing. In order for the increase to "not take effect", a majority of the property owners as defined by Proposition 218 are required to file opposition to the increase.

Property owners may file a written and signed protest against the proposed increases with the City Clerk at or before the close of the public hearing. A protest must contain a description of the property owned sufficient to identify the property. (The address or assessor's parcel number shown on this mailing is sufficient.) If you own more than one parcel, you may file a single protest but it must identify each parcel you own. If the name on the written protest is not shown on the last equalized assessment roll of San Joaquin County as the owner of the property, the signer of the protest must also submit written evidence of ownership. At the hearing, Council shall hear all protests and tabulate the ballots. The ballots in this case are written protests against the increase.

The City Council will hold a public hearing on the proposed increases on Wednesday, September 21, 2005, at 7:00 p.m. or as soon thereafter as the matter may be heard, in the City Council Chambers at the Carnegie Forum, 305 West Pine Street, Lodi, California.

Written protests may be mailed to:

City of Lodi
Attn: City Clerk
P.O. Box 3006
Lodi, CA 95241-1910

Written protests may also be delivered in person to the City Clerk, 221 West Pine Street, Lodi, California, or at the public hearing.

Basis of Proposed Water Rate Increase

An independent financial firm developed a water rate that will fairly and equitably recover the projected cost of remediation and the payments due to other City funds for expenses incurred prior to the settlement. The increase is based on and was calculated using the projected cost of the remediation and the repayment of expenses incurred.

Impact of Proposed PCE/TCE Remediation Rate Increase

The proposed increases would be implemented in three phases beginning January 1, 2006. The proposed increases would initially add \$3.50 to the monthly water bill of a 3-bedroom home, (the largest customer group in Lodi) beginning January 1, 2006. Two subsequent increases in July 1, 2006 and July 1, 2007 would each add an additional \$3.50 to the monthly bill. The rate for other customer groups is proportionate to the ratios established in the City's existing rate structure. Proposed rates for each customer category are detailed in the Water Rates Table attached.

Water rates could also be adjusted each July 1 by the change in the Consumer Price Index as previously approved by Council action.

Dated: August 1, 2005
s: SUSAN J. BLACKSTON
CITY CLERK, City of Lodi

If you have questions or comments about the proposed water rate increases, you may:
Address City Council: Attend the Public Hearing on September 21, 2005
Write City Council: c/o City Clerk, P.O. Box 3006, Lodi, CA 95241-1910
Email City Council: c/o City Clerk: cityclerk@lodi.gov
Telephone Public Works: 209-333-6706
Email Public Works: pwdept@lodi.gov
To file a protest, please see the instructions above in this notice.

(PROPOSED)
RESOLUTION NO. 2005-
A RESOLUTION OF THE LODI CITY COUNCIL
ESTABLISHING WATER RATES

WHEREAS, the City Council of the City of Lodi finds as follows:

1. The City of Lodi provides water supply, and wastewater disposal to its citizens;
2. The City charges customers of these utilities a charge to fund the on-going operation and maintenance of the water supply, and wastewater disposal;
3. The City discovered the chlorinated solvents perchloroethylene (PCE) and trichloroethylene (TCE) in its groundwater in 1989 both of which are identified as hazardous to human health by state and federal regulators. The City then began a program to attempt to identify the responsible parties and secure recoveries to fund the remediation. Thereafter the City was itself alleged to be a potentially responsible party for the contamination arising from the operation of its water and wastewater utilities and ultimately entered into a number of settlements with third parties in connection with the program;
4. The net cost for these activities has been borne by the water fund until fiscal year 2004-05 in which approximately half was also advanced from the wastewater fund. This includes use of some of the funds collected for the purpose of infrastructure replacement. While the total and final cost of remediation including past costs and net of settlements with third parties is not precisely known, it has been reasonably estimated by staff and consultants at \$45.7 million. These costs could be fairly borne by either the water or wastewater funds or both since the City's alleged liability arises from both operations. The City Public Works Director has recommended increases to the current water rates. Due to rate covenants associated with existing and anticipated financing in the wastewater utility, the overall impact will be lower on water rates than on wastewater rates;
5. The Council directed that notice of a hearing thereon be given to the property owners in the City, with such notice to include, among other matters, the information required to be included pursuant to California law;
6. Such notice has been mailed to those property owners, at least 45 days before the hearing, as evidenced by a Certificate of Mailing on file with the City Clerk;
7. The Council also directed that notice of a hearing thereon be given with such notice to include the information required to be included pursuant to Government Code section 54354.5;
8. Such notice has been published once each week for two weeks, in the Lodi News-Sentinel as evidenced by Proofs of Publication on file with the City Clerk and additional notice has been provided in City utility bills;
9. On September 21, 2005, the City Council conducted said public hearing, at which time the City Council heard all objections and protests to the proposed increased rates;
10. Written protests against the proposed increased rates were not presented by a majority of the property owners.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Levy of Charges. Pursuant to Section 13.08.010 of the Lodi Municipal Code, the increased water rates as attached hereto as Exhibit "A" are hereby approved.

Section 3. Subsequent Adjustments. The rates shown in Exhibit A may be adjusted periodically by resolution, with Council approval following a public hearing, in an amount not to exceed the percentage change in the Consumer Price Index since the previous adjustment. The index used shall be the unadjusted San Francisco - All Urban Consumers Index as published by the United States Bureau of Labor Statistics or other index as approved by the City Council by resolution.

Section 4. Council Review. Staff shall report to Council within five years of the adoption of the attached rate schedule regarding the actual revenues and expenses of the remediation program to that date and projected future revenues and expenses for Council consideration of any needed adjustments to the rates. Such adjustments will, if resulting in an increase, require compliance with Proposition 218.

Section 5. Program Accounting. The Finance Director is directed to account separately for all income and expenses of the remediation program so that the cost of the program can be readily compared to the funds raised by the rates set forth in Exhibit A.

Section 6. Effective Date. This resolution shall take effect from and after the date of its passage.

SUSAN J. BLACKSTON
City Clerk

Proposed Water Rates Fiscal Years 2005/06 - 2007/08

Exhibit A Proposition 218 Notice Rate Table City of Lodi Water Utility																				
Current Rates Effective 5/1/2005					Rates Effective 1/1/2006					Rates Effective (1) 7/1/2006					Rates Effective (1) 7/1/2007					
Single-Family Residential Base	Intr.	TCE	PCE/ Total	Monthly Base	Intr.	TCE	PCE/ Total	Monthly Base	Intr.	TCE	PCE/ Total	Monthly Base	Intr.	TCE	PCE/ Total	Monthly Base	Intr.	TCE	PCE/ Total	
1 BR - House	13.87	4.97	0.00	18.64	13.67	4.97	2.43	21.07	13.67	4.97	4.86	23.50	13.67	4.97	7.29	25.93				
2 BR - House	16.41	5.97	0.00	22.38	16.41	5.97	2.92	25.30	16.41	5.97	5.84	28.22	16.41	5.97	8.78	31.14				
3 BR - House	19.65	7.15	0.00	26.82	19.68	7.15	3.50	30.33	19.68	7.15	7.00	33.83	19.68	7.15	10.50	37.33				
4 BR - House	23.64	8.60	0.00	32.24	23.64	8.60	4.20	36.44	23.64	8.60	8.41	40.65	23.64	8.60	12.61	44.85				
5 BR - House	28.36	10.32	0.00	38.68	28.38	10.32	5.04	43.72	28.38	10.32	10.09	48.77	28.38	10.32	15.13	53.81				
6 BR - House	34.03	12.38	0.00	46.41	34.03	12.38	6.05	52.46	34.03	12.38	12.10	58.51	34.03	12.38	18.16	64.57				
7 BR - House	40.82	14.85	0.00	55.67	40.82	14.85	7.26	62.93	40.82	14.85	14.52	70.19	40.82	14.85	21.78	77.45				
Multi-Family Residential	Intr.	TCE	PCE/ Total	Monthly Base	Intr.	TCE	PCE/ Total	Monthly Base	Intr.	TCE	PCE/ Total	Monthly Base	Intr.	TCE	PCE/ Total	Monthly Base	Intr.	TCE	PCE/ Total	
1 BR - APT	11.73	4.27	0.00	16.00	11.70	4.27	2.09	18.09	11.73	4.27	4.17	20.17	11.73	4.27	6.28	22.26				
2 BR - APT	14.07	5.12	0.00	19.19	14.07	5.12	2.50	21.69	14.07	5.12	5.00	24.19	14.07	5.12	7.51	26.70				
3 BR - APT	18.86	6.14	0.00	23.02	18.88	6.14	3.00	26.02	18.88	6.14	6.00	29.02	18.88	6.14	9.01	32.03				
4 BR - APT (2)	20.26	7.38	0.00	27.64	20.26	7.38	3.60	31.24	20.26	7.38	7.21	34.85	20.26	7.38	10.81	38.45				
Flat-Rate Commercial Customers - Varies					Flat rates increase 13.05% 01/01/06					Flat rates increase 11.545% 07/01/06					Flat rates increase 10.35% 07/01/07					
Metered Commercial (3)	Base	Base \$/ccl	Intr. \$/ccl	PCE/ TCE	Base	Base \$/ccl	Intr. \$/ccl	PCE/ TCE	Base	Base \$/ccl	Intr. \$/ccl	PCE/ TCE	Base	Base \$/ccl	Intr. \$/ccl	PCE/ TCE	Base	Base \$/ccl	Intr. \$/ccl	PCE/ TCE
Comm. 75"	15.77	0.490	0.233	0.00	15.77	0.490	0.233	3.50	15.77	0.490	0.233	7.00	15.77	0.490	0.233	10.50				
Comm. 1"	23.65	0.490	0.233	0.00	23.65	0.490	0.233	5.25	23.65	0.490	0.233	10.51	23.65	0.490	0.233	15.76				
Comm. 1.5"	31.53	0.490	0.233	0.00	31.53	0.490	0.233	7.00	31.53	0.490	0.233	14.00	31.53	0.490	0.233	21.01				
Comm. 2"	39.43	0.490	0.233	0.00	39.43	0.490	0.233	8.76	39.43	0.490	0.233	17.51	39.43	0.490	0.233	26.27				
Comm. 3"	55.19	0.490	0.233	0.00	55.19	0.490	0.233	12.26	55.19	0.490	0.233	24.51	55.19	0.490	0.233	36.77				
Comm. 4"	70.96	0.490	0.233	0.00	70.96	0.490	0.233	15.76	70.96	0.490	0.233	31.52	70.96	0.490	0.233	47.28				
Comm. 6"	102.60	0.490	0.233	0.00	102.60	0.490	0.233	22.77	102.60	0.490	0.233	45.53	102.60	0.490	0.233	68.30				
Comm. 8"	134.06	0.490	0.233	0.00	134.06	0.490	0.233	29.75	134.06	0.490	0.233	59.50	134.06	0.490	0.233	89.25				
Comm. 10" 165.60	165.60	0.490	0.233	0.00	165.60	0.490	0.233	36.75	165.60	0.490	0.233	73.50	165.60	0.490	0.233	110.25				

(1) Rates effective each July 1 will be adjusted for changes in the Consumer Price Index

(2) Plus 20% for each additional bedroom

(3) Monthly total for metered commercial customers depends on amount of water used

(4) Established City Utility Discounts apply to above rates


CERTIFICATE OF MAILING

NOTICE OF PUBLIC HEARING ON PROPOSED WATER RATE INCREASE

I, Pamela Farris, Administrative Secretary of the Public Works Department of the City of Lodi, under penalty of perjury, certify as follows:

That for and on behalf of the City Clerk of the City of Lodi, and on August 5, 2005, I caused to be mailed a Notice of Public Hearing on Proposed Water Rate Increase to all persons owning real property on which these rates and charges are imposed and as shown on the last equalized assessment roll of San Joaquin County (mailing list on file in the office of the Public Works Department), a copy of which Notice is hereto attached and marked Exhibit "A".

Executed on August 8, 2005.


PAMELA FARRIS

City of Lodi Water Utility

Special Notice

**Proposition 218 Notification
NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING
ON PROPOSED WATER RATE INCREASE**

Hearing Date & Time: Wednesday September 21, 2005 at 7:00 p.m. or as soon thereafter as the matter may be heard

Hearing Location: City of Lodi Council Chambers, at the Carnegie Forum
305 West Pine Street, Lodi, CA 95240

Why a Water Rate Increase is Needed

The groundwater supply for the City of Lodi has been contaminated by PCE/TCE, two chemical solvents determined by federal and state health and environmental agencies to be hazardous to public health. In response to the presence of these pollutants, the City began identifying the source of contamination and also began action to remove PCE/TCE from its groundwater supply. Additionally, the City took legal action against potentially responsible parties and began efforts to comply with the regulatory requirements of the state agencies with jurisdiction over the presence and remediation of PCE/TCE in the groundwater supply.

The City and its technical consultants estimate the net cost of remediation to be \$45.7 million. Included are capital, operations and maintenance, administrative and legal costs. From the finding of PCE/TCE in the groundwater supply to the present, the City incurred over \$12 million of remediation, legal and regulatory expenses. These expenses were paid from City Utility funds that must now be repaid and are included in the above total.

Hearing

Proposition 218 requires that the City provide a notice of the proposed rate schedule to all property owners forty-five (45) days prior to holding a public hearing. In order for the increase to "not take effect", a majority of the property owners as defined by Proposition 218 are required to file opposition to the increase.

Property owners may file a written and signed protest against the proposed increases with the City Clerk at or before the close of the public hearing. A protest must contain a description of the property owned sufficient to identify the property. (The address or assessor's parcel number shown on this mailing is sufficient.) If you own more than one parcel, you may file a single protest but it must identify each parcel you own. If the name on the written protest is not shown on the last equalized assessment roll of San Joaquin County as the owner of the property, the signer of the protest must also submit written evidence of ownership. At the hearing, Council shall hear all protests and tabulate the ballots. The ballots in this case are written protests against the increases.

The City Council will hold a public hearing on the proposed increases on Wednesday, September 21, 2005, at 7:00 p.m. or as soon thereafter as the matter may be heard, in the City Council Chambers at the Carnegie Forum, 305 West Pine Street, Lodi, California.

Written protests may be mailed to:
City of Lodi
Attn: City Clerk
P.O. Box 3006
Lodi, CA 95241-1910

Written protests may also be delivered in person to the City Clerk, 221 West Pine Street, Lodi, California, or at the public hearing.

Basis of Proposed Water Rate Increase

An independent financial firm developed a water rate that will fairly and equitably recover the projected cost of remediation and the payments due to other City funds for expenses incurred prior to the settlement. The increase is based on and was calculated using the projected cost of the remediation and the repayment of expenses incurred.

Impact of Proposed PCE/TCE Remediation Rate Increase

The proposed increases would be implemented in three phases beginning January 1, 2006. The proposed increases would initially add \$3.50 to the monthly water bill of a 3-bedroom home, (the largest customer group in Lodi) beginning January 1, 2006. Two subsequent increases in July 1, 2006 and July 1, 2007 would each add an additional \$3.50 to the monthly bill. The rate for other customer groups is proportionate to the ratios established in the City's existing rate structure. Proposed rates for each customer category are detailed in the Water Rates Table attached.

Water rates could also be adjusted each July 1 by the change in the Consumer Price Index as previously approved by Council action.

Dated: August 1, 2005


Susan Blackston
CITY CLERK, City of Lodi

If you have questions or comments about the proposed water rate increases, you may:

Address City Council: Attend the Public Hearing on September 21, 2005

Write City Council: c/o City Clerk, P.O. Box 3006, Lodi, CA, 95241-1910

Email City Council c/o City Clerk: cityclrk@lodi.gov

Telephone Public Works: 209-333-6706

Email Public Works: pwdept@lodi.gov

To file a protest, please see the instructions above in this notice.

Notificacion des la Propuesta 218

AVISO A DUEÑOS DE PROPIEDADES DE AUDIENCIAS PUBLICAS SOBRE EL AUMENTO PROPUESTO EN EL SERVICIO DE AGUA Y CARGOS DE VENTA

Fecha y Hora de la Audiencia: Miercoles Septiembre 21, 2005 a las 7:00 PM o tan pronto como el asunto puede ser escuchado

Lugar de la Audiencia: Camara del Concilio de la Ciudad de Lodi, en el Carnegie Forum
305 West Pine Street, Lodi, CA 95240

Por que es necesario un ajuste de tarifa

El suministro de agua subterránea para la Ciudad de Lodi ha sido contaminado con PCE/TCE, dos solventes químicos que agencias federales y estatales de salud y medio ambiente han determinado son peligrosos para la salud pública. En respuesta a la presencia de estos contaminantes, la Ciudad comenzó a identificar el origen de la contaminación y también empezó a tomar medidas para sacar PCE/TCE de el suministro de agua subterránea. Adicionalmente, la Ciudad tomó acción legal contra las personas y grupos potencialmente responsables por la contaminación. La Ciudad también comenzó esfuerzos para cumplir con los requerimientos regulatorios de las agencias estatales con jurisdicción sobre la presencia de PCE/TCE y la remediación de el suministro de agua subterránea.

La Ciudad y sus consultores técnicos, calculan que el costo neto de la remediación será \$45.7 millones. Incluido en estos costos están gastos capitales (de infraestructura), de operación y mantenimiento, y los de administración y de asuntos legales. Desde el hallazgo de PCE/TCE en el suministro de agua subterránea hasta ahora, la Ciudad a contraído más de \$12 millones de gastos de remediación, gastos legales y de regulación. Estos gastos fueron pagados con fondos de servicio público que ahora deben ser devueltos; estos gastos están incluidos en el total mencionado al principio.

Audiencia

La Propuesta 218 requiere que la Ciudad de aviso de los cargos propuestos a todos los dueños de propiedad cuarenta y cinco (45) días antes de la audiencia pública. Para que este aumento "no sea adoptado", una mayoría de los dueños de propiedades según la Propuesta 218 tienen que registrar su oposición al aumento.

Dueños de propiedad pueden registrar su oposición con el Funcionario de la Ciudad (City Clerk) antes de el fin de la audiencia pública. Protestas tienen que ser escritas, incluir una descripción de la propiedad suya y alguna manera de identificarla. (La dirección de la propiedad o el número de parcela del asesor es suficiente identificación.) Si usted es dueño de más de una parcela, usted puede someter solo una protesta pero tiene que identificar cada parcela individualmente. Si el nombre del dueño identificado en la protesta no es el mismo que aparece en la última lista de propiedades revisada por el asesor del condado de San Joaquin (the last equalized assessment roll of San Joaquin County), la persona que firmó la protesta debe incluir evidencia de posesión. Durante la audiencia, el Concilio escuchará las protestas y contará las papeletas. Las papeletas, en este caso, serán las protestas recibidas.

El Concilio de la Ciudad tendrá una audiencia pública acerca del aumento propuesto el Miercoles Septiembre 21, 2005 a las 7:00 PM o tan pronto como el asunto puede ser escuchado, en la Camara del Concilio de la Ciudad de Lodi, en el Carnegie Forum 305 West Pine Street, Lodi, CA 95240

Protestas escritas pueden ser enviadas por correo:

City of Lodi
Attn: City Clerk
P.O. Box 3006
Lodi, CA 95241-1910

Protestas escritas también pueden ser entregadas en persona al Funcionario de la Ciudad (City Clerk), 221 West Pine Street, Lodi, California, o durante la audiencia.

Base de Aumento Propuesto

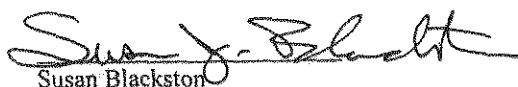
Una firma financiera independiente desarrolló una tarifa de agua que recuperará justa y equitativamente el costo estimado de remediación y devolverá a la Ciudad los gastos que pago con fondos de servicio público antes del acuerdo. El aumento es basado en y fue calculado usando el costo estimado de la remediación y de el reembolso de gastos contraídos.

Impacto del Aumento Propuesto para PCE/TCE Remediación

Los aumentos propuestos serían implementados en tres fases comenzando Enero 1, 2006. Los aumentos propuestos inicialmente agregarían \$3.50 a la cuenta mensual de una casa de 3 dormitorios, (el grupo de clientes más grande en Lodi) comenzando Enero 1, 2006. Cada uno de los dos subsiguientes aumentos en Julio 1, 2006 y Julio 1, 2007 agregarían \$3.50 a la cuenta mensual. El aumento para otros grupos de clientes es proporcional a las relaciones establecidas en la estructura de tarifas actual de la ciudad. Las tarifas propuestas para cada grupo están en la Lista de Tarifas Propuestas que acompaña este aviso.

Las tarifas de agua también podrían ser ajustadas cada Julio 1 de acuerdo al cambio en el índice de precios al consumidor (CPI) como fue anteriormente aprobado por acción del Concilio.

Fecha: August 1, 2005



Susan Blackston
CITY CLERK, City of Lodi
FUNCIONARIA DE LA CIUDAD, Ciudad de Lodi

Si usted tiene pregunta o desea comentar acerca del aumento de agua propuesto, usted puede:
Aparecer frente al Concilio: Asista a la Audiencia
Miercoles Septiembre 21, 2005
Llame por Telefono a Public Works: 209-333-6706
Correo electronico: pwddept@lodi.gov
Escriba al Funcionario (City Clerk): P.O. Box 3006,
Lodi, CA 95241-1910
Para registrar su protesta, favor de seguir las instrucciones en esta noticia

218 Notice Rate Table

City of Lodi Water Utility

Proposed Water Rates Fiscal Years 2005/06 - 2007/08

Single-Family Residential	Current Rates Effective 5/1/2005				Rates Effective 1/1/2006				Rates Effective (1) 7/1/2006				Rates Effective (1) 7/1/2007			
	Base	Infr.	PCE/ TCE	Monthly Total	Base	Infr.	PCE/ TCE	Monthly Total	Base	Infr.	PCE/ TCE	Monthly Total	Base	Infr.	PCE/ TCE	Monthly Total
1 BR - House	13.67	4.97	0.00	18.64	13.67	4.97	2.43	21.07	13.67	4.97	4.86	23.50	13.67	4.97	7.29	25.93
2 BR - House	16.41	5.97	0.00	22.38	16.41	5.97	2.92	25.30	16.41	5.97	5.84	28.22	16.41	5.97	8.76	31.14
3 BR - House	19.68	7.15	0.00	26.83	19.68	7.15	3.50	30.33	19.68	7.15	7.00	33.83	19.68	7.15	10.50	37.33
4 BR - House	23.64	8.60	0.00	32.24	23.64	8.60	4.20	36.44	23.64	8.60	8.41	40.65	23.64	8.60	12.61	44.85
5 BR - House	28.36	10.32	0.00	38.68	28.36	10.32	5.04	43.72	28.36	10.32	10.09	48.77	28.36	10.32	15.13	53.81
6 BR - House	34.03	12.38	0.00	46.41	34.03	12.38	6.05	52.46	34.03	12.38	12.10	58.51	34.03	12.38	18.16	64.57
7 BR - House	40.82	14.85	0.00	55.67	40.82	14.85	7.26	62.93	40.82	14.85	14.52	70.19	40.82	14.85	21.78	77.45
Multi-Family Residential																
1 BR - APT	11.73	4.27	0.00	16.00	11.73	4.27	2.09	18.09	11.73	4.27	4.17	20.17	11.73	4.27	6.26	22.26
2 BR - APT	14.07	5.12	0.00	19.19	14.07	5.12	2.50	21.69	14.07	5.12	5.00	24.19	14.07	5.12	7.51	26.70
3 BR - APT	16.88	6.14	0.00	23.02	16.88	6.14	3.00	26.02	16.88	6.14	6.00	29.02	16.88	6.14	9.01	32.03
4 BR - APT (2)	20.26	7.38	0.00	27.64	20.26	7.38	3.60	31.24	20.26	7.38	7.21	34.85	20.26	7.38	10.81	38.45
Flat-Rate Commercial Customers - Varies					Flat rates increase 13.05% 01/01/06				Flat rates increase 11.545% 07/01/06				Flat rates increase 10.35% 07/01/07			
Metered Commercial (3)	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE
Comm. .75"	15.77	0.490	0.233	0.00	15.77	0.490	0.233	3.50	15.77	0.490	0.233	7.00	15.77	0.490	0.233	10.50
Comm. 1"	23.65	0.490	0.233	0.00	23.65	0.490	0.233	5.25	23.65	0.490	0.233	10.51	23.65	0.490	0.233	15.76
Comm. 1.5"	31.53	0.490	0.233	0.00	31.53	0.490	0.233	7.00	31.53	0.490	0.233	14.00	31.53	0.490	0.233	21.01
Comm. 2"	39.43	0.490	0.233	0.00	39.43	0.490	0.233	8.76	39.43	0.490	0.233	17.51	39.43	0.490	0.233	26.27
Comm. 3"	55.19	0.490	0.233	0.00	55.19	0.490	0.233	12.26	55.19	0.490	0.233	24.51	55.19	0.490	0.233	36.77
Comm. 4"	70.96	0.490	0.233	0.00	70.96	0.490	0.233	15.76	70.96	0.490	0.233	31.52	70.96	0.490	0.233	47.28
Comm. 6"	102.60	0.490	0.233	0.00	102.60	0.490	0.233	22.77	102.60	0.490	0.233	45.53	102.60	0.490	0.233	68.30
Comm. 8"	134.06	0.490	0.233	0.00	134.06	0.490	0.233	29.75	134.06	0.490	0.233	59.50	134.06	0.490	0.233	89.25
Comm. 10"	165.60	0.490	0.233	0.00	165.60	0.490	0.233	36.75	165.60	0.490	0.233	73.50	165.60	0.490	0.233	110.25

- (1) Rates effective each July 1 will be adjusted for changes in the Consumer Price Index
- (2) Plus 20% for each additional bedroom
- (3) Monthly total for metered commercial customers depends on amount of water used
- (4) Established City Utility Discounts apply to above rates

218 Notice Rate Table

Servicio de Agua de la Ciudad de Lodi

Tarifas de Agua Propuestas para Años Fiscales 2005/06 - 2007/08

	Tarifas Actuales Efectivas 5/1/2005				Tarifas Efectivas 1/1/2006				Tarifas Efectivas (1) 7/1/2006				Tarifas Efectivas (1) 7/1/2007			
	Base	Infr.	PCE/ TCE	Monthly Total	Base	Infr.	PCE/ TCE	Monthly Total	Base	Infr.	PCE/ TCE	Monthly Total	Base	Infr.	PCE/ TCE	Monthly Total
Casas de Una Familia																
1 Dormitorio - Casa	13.67	4.97	0.00	18.64	13.67	4.97	2.43	21.07	13.67	4.97	4.86	23.50	13.67	4.97	7.29	25.93
2 Dormitorio - Casa	16.41	5.97	0.00	22.38	16.41	5.97	2.92	25.30	16.41	5.97	5.84	28.22	16.41	5.97	8.76	31.14
3 Dormitorio - Casa	19.68	7.15	0.00	26.83	19.68	7.15	3.50	30.33	19.68	7.15	7.00	33.83	19.68	7.15	10.50	37.33
4 Dormitorio - Casa	23.64	8.60	0.00	32.24	23.64	8.60	4.20	36.44	23.64	8.60	8.41	40.65	23.64	8.60	12.61	44.85
5 Dormitorio - Casa	28.36	10.32	0.00	38.68	28.36	10.32	5.04	43.72	28.36	10.32	10.09	48.77	28.36	10.32	15.13	53.81
6 Dormitorio - Casa	34.03	12.38	0.00	46.41	34.03	12.38	6.05	52.46	34.03	12.38	12.10	58.51	34.03	12.38	18.16	64.57
7 Dormitorio - Casa	40.82	14.85	0.00	55.67	40.82	14.85	7.26	62.93	40.82	14.85	14.52	70.19	40.82	14.85	21.78	77.45
Apartamentos/ Residencias Multi-Familiares																
1 Dormitorio - Apto	11.73	4.27	0.00	16.00	11.73	4.27	2.09	18.09	11.73	4.27	4.17	20.17	11.73	4.27	6.26	22.26
2 Dormitorio - Apto	14.07	5.12	0.00	19.19	14.07	5.12	2.50	21.69	14.07	5.12	5.00	24.19	14.07	5.12	7.51	26.70
3 Dormitorio - Apto	16.88	6.14	0.00	23.02	16.88	6.14	3.00	26.02	16.88	6.14	6.00	29.02	16.88	6.14	9.01	32.03
4 Dormitorio - Apto (2)	20.26	7.38	0.00	27.64	20.26	7.38	3.60	31.24	20.26	7.38	7.21	34.85	20.26	7.38	10.81	38.45
Cargos Fijos - Clientes Comerciales - Varia					Cargos fijos suben 13.05% 01/01/06				Cargos fijos suben 11.545% 07/01/06				Cargos fijos suben 10.35% 07/01/07			
Comercial con Medidor de Agua (3)	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE	Base	Base \$/ccf	Infr. \$/ccf	PCE/ TCE
Medidor .75" (pulgadas)	15.77	0.490	0.233	0.00	15.77	0.490	0.233	3.50	15.77	0.490	0.233	7.00	15.77	0.490	0.233	10.50
Medidor 1" (pulgadas)	23.65	0.490	0.233	0.00	23.65	0.490	0.233	5.25	23.65	0.490	0.233	10.51	23.65	0.490	0.233	15.76
Medidor 1.5" (pulgadas)	31.53	0.490	0.233	0.00	31.53	0.490	0.233	7.00	31.53	0.490	0.233	14.00	31.53	0.490	0.233	21.01
Medidor 2" (pulgadas)	39.43	0.490	0.233	0.00	39.43	0.490	0.233	8.76	39.43	0.490	0.233	17.51	39.43	0.490	0.233	26.27
Medidor 3" (pulgadas)	55.19	0.490	0.233	0.00	55.19	0.490	0.233	12.26	55.19	0.490	0.233	24.51	55.19	0.490	0.233	36.77
Medidor 4" (pulgadas)	70.96	0.490	0.233	0.00	70.96	0.490	0.233	15.76	70.96	0.490	0.233	31.52	70.96	0.490	0.233	47.28
Medidor 6" (pulgadas)	102.60	0.490	0.233	0.00	102.60	0.490	0.233	22.77	102.60	0.490	0.233	45.53	102.60	0.490	0.233	68.30
Medidor 8" (pulgadas)	134.06	0.490	0.233	0.00	134.06	0.490	0.233	29.75	134.06	0.490	0.233	59.50	134.06	0.490	0.233	89.25
Medidor 10" (pulgadas)	165.60	0.490	0.233	0.00	165.60	0.490	0.233	36.75	165.60	0.490	0.233	73.50	165.60	0.490	0.233	110.25

(1) Tarifas efectivas cada Julio 1 podrian ser ajustadas de acuerdo a cambios en el indice de precios al consumidor (CPI)

(2) Mas 20% por cada dormitorio adicional

(3) Cargo mensual de clientes con medidor de agua depende en cuanta agua es usada

(4) Descuentos de servicio publico establecidos por la Ciudad aplican a estas tarifas

POSTAGE STATEMENT -- Standard Mail Permit Imprint

Entry Point: (1) SCP STOCKTON CA, STOCKTON, CA 95213-9998
 Presort: (3) STD, Automation Letters ATM (DMM M810.2)

Permit Holder's Name/Telephone and Address, and Email Address If Any: 3006 Coronado Ave. Stockton, CA 95204
 Name and Address of Telephone Mailing Agent (if other than permit holder): Pre-Sort Center 3006 Coronado Ave Stockton, CA 95204
 Name and Address of Individual or Organization for Which Mailing is Prepared (if other than permit holder): City of Lodi
 Post Office: Lodi, CA 95240

CAPS Cust. Ref. ID
 Dun & Bradstreet No.

Dun & Bradstreet No.

Dun & Bradstreet No.

Post Office of Mailing
 STOCKTON CA 95213-9998

Mailing Date

Fed. Agency Cost Code

Statement Sequence No. 0003

Number of Containers

Processing Category (DMM C050)

(X) Letters

Mach Parcels

Weight of a Single Piece

Total Pieces

Plats

Automation Plats (DMM C820)

Irreg Parcels

0.0313 lbs.

18869

Permit No. 269

For Mail Enclosed Within Another Class:

If Sealed, Based on

Total Weight

Periodicals

Bound Printed Matter

125 pgs.

15 lbs.

68.4844

0

Library Mail

Media Mail

Parcel Post

both

0

0

No. of pieces with Repositionable Notes Attached (DMM C810.7):

For Automation Rate Pieces, Enter (For Enhanced Carrier Route Rate Pieces, For Enhanced Carrier Route Rate Pieces, Enter Date of Address Matching and Coding; Enter Date of Address Matching and Coding; Date of Carrier Route Sequencing (DMM M050.4.0))
 (DMM A950.3.0) / / (DMM A950.3.0) / / / /

For Automation Letters and Plats (3.3 oz. or less)

Total From Part A (On reverse)

396.6110

For Presorted Letters and Plats (3.3 oz. or less)

Total From Part B (On reverse)

35.8340

For Enhanced Carrier Route Letters and Plats (3.3 oz. or less)

Total From Part C (On reverse)

2431.049

For All Letters and Plats More Than 3.3 oz.

Total From Part D (On reverse)

0

For Presorted Letters

Total From Part E (On reverse)

0

For Presorted Nonletters (3.3 oz. or less)

Total From Part F (On reverse)

0

For Presorted Nonletters (More than 3.3 oz.)

Total From Part G (On reverse)

0

For Enhanced Carrier Route Nonletters (3.3 oz. or less)

Total From Part H (On reverse)

0

For Enhanced Carrier Route Nonletters (More than 3.3 oz.)

Total From Part I (On reverse)

0

For Automation Letters (DMM E640)

Total From Part J (On reverse)

0

For Enhanced Carrier Route Letters (DMM E630)

Total From Part K (On reverse)

0

For Special Services Fees (2/5 and Basic rate parcels only)

Total From Attached Form 3540-S

0

Postmaster: Report total postage in AIC 130.

Total Postage (Add lines above) 2,865.49

For USPS Use Only: Additional Postage Payment (State reason)

0

Postmaster: Report total adjusted postage in AIC 130. Total Adjusted Postage (Add additional to total postage) 0

The mailer's signature certifies acceptance of liability for and agreement to pay any revenue deficiencies assessed on this mailing, subject to appeal. If an agent signs this form, the agent certifies that he or she is authorized to sign on behalf of the mailer, and that the mailer is bound by the certification and agrees to pay any deficiencies. In addition, agents may be liable for any deficiencies resulting from matters within their responsibility, knowledge, or control.

The mailer hereby certifies that all information furnished on this form is accurate, truthful, and complete; that the mail and the supporting documentation comply with all postal standards and that the mailing qualifies for the rates and fees claimed; and that the mailing does not contain any matter prohibited by law or postal regulation.

I understand that anyone who furnishes false or misleading information on this form or who omits information requested on this form may be subject to criminal and/or civil penalties, including fines and imprisonment.
 Privacy Notice: For information regarding our Privacy Policy visit www.usps.com.

Signature of Mailer or Agent

Name of Mailer or Agent
Pre-Sort CenterTelephone
209-441-2467

Weight of a Single Piece 0.0313 lbs

Are figures at left adjusted from mailer's entries? Yes [] No [X]

Total Pieces 18869

Total Weight 609.4687

If "Yes," Reason

Total Postage 2,865.49

Check One

Presort Verification [X] Presort Verification Not Scheduled

Date Mailer Notified

Contact

By (Initials)

Round Stamp (Required)

I CERTIFY that this mailing has been inspected concerning: 1) eligibility for postage rate claimed; 2) proper preparation (and presort where required); 3) proper completion of postage statement; and 4) payment of required annual fee.

Verifying Employee's Signature

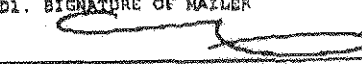
Verifying Employee's Name

Time

PM

Standard Mail -- Permit Imprint

Entry Disc.	Presort/ Automation Discount	Rate	Number of Pieces	Total	Entry Disc.	Presort/ Automation Discount	Rate	Number of Pieces/ Pounds	Total
Part A - Automation Rates -- Letters and Flats 3.3 Oz. (0.2063 Lb.) or Less					Part D - All Letters and Flats More Than 3.3 Oz. (0.2063 Lb.)				
None	A1. 5-Digit Letter	0.190 x		pcr.-#	None	D1. Saturation ECR	0.034x		pcr.-#
	A2. 3-Digit Letter	0.203 x	397	pcr.-#		plus	0.610x		lbs.-#
	A3. AADC Letter	0.212 x		pcr.-#	D2. High Density ECR	0.043x			pcr.-#
	A4. Mixed AADC Letter	0.219 x	720	pcr.-#		plus	0.610x		lbs.-#
	A5. 3/5 Flat	0.261 x		pcr.-#	D3. Basic ECR	0.068x			pcr.-#
	A6. Basic Flat	0.300 x		pcr.-#		plus	0.610x		lbs.-#
DBMC	A7. 5-Digit Letter	0.169 x		pcr.-#	D4. 3/5 Automation	0.115x			pcr.-#
	A8. 3-Digit Letter	0.182 x		pcr.-#		plus	0.708x		lbs.-#
	A9. AADC Letter	0.191 x		pcr.-#	D5. Basic Automation	0.154x			pcr.-#
	A10. Mixed AADC Letter	0.198 x		pcr.-#		plus	0.708x		lbs.-#
	A11. 3/5 Flat	0.240 x		pcr.-#	D6. 3/5 Presorted	0.142x			pcr.-#
	A12. Basic Flat	0.279 x		pcr.-#		plus	0.708x		lbs.-#
DSCF	A13. 5-Digit Letter	0.164 x	316	pcr.-#	D7. Basic Presorted	0.198x			pcr.-#
	A14. 3-Digit Letter	0.177 x	508	pcr.-#		plus	0.708x		lbs.-#
	A15. AADC Letter	0.186 x	100	pcr.-#	DBMC D8. Saturation ECR	0.034x			pcr.-#
	A16. 3/5 Flat	0.235 x		pcr.-#		plus	0.510x		lbs.-#
	A17. Basic Flat	0.274 x		pcr.-#	D9. High Density ECR	0.043x			pcr.-#
Total -- Part A (Carry to front of form)				\$ 398.6110		plus	0.510x		lbs.-#
Part B - Presorted Rates -- Letters and Flats 3.3 Oz. (0.2063 Lb.) or Less					D10. Basic ECR	0.068x			pcr.-#
None	B1. 3/5 Letter	0.248 x		pcr.-#		plus	0.510x		lbs.-#
	B2. Basic Letter	0.268 x	10	pcr.-#	D11. 3/5 Automation	0.115x			pcr.-#
	B3. 3/5 Flat	0.288 x		pcr.-#		plus	0.608x		lbs.-#
	B4. Basic Flat	0.344 x		pcr.-#	D12. Basic Automation	0.154x			pcr.-#
DBMC	B5. 3/5 Letter	0.227 x		pcr.-#		plus	0.608x		lbs.-#
	B6. Basic Letter	0.247 x		pcr.-#	D13. 3/5 Presorted	0.142x			pcr.-#
	B7. 3/5 Flat	0.267 x		pcr.-#		plus	0.608x		lbs.-#
	B8. Basic Flat	0.323 x		pcr.-#	D14. Basic Presorted	0.198x			pcr.-#
DSCF	B9. 3/5 Letter	0.222 x		pcr.-#		plus	0.608x		lbs.-#
	B10. Basic Letter	0.242 x	137	pcr.-#	DSCF D15. Saturation ECR	0.034x			pcr.-#
	B11. 3/5 Flat	0.262 x		pcr.-#		plus	0.485x		lbs.-#
	B12. Basic Flat	0.318 x		pcr.-#	D16. High Density ECR	0.043x			pcr.-#
Total -- Part B (Carry to front of form)				\$ 35.8340		plus	0.485x		lbs.-#
Part C - ECR Rates -- Letters and Flats 3.3 Oz. (0.2063 Lb.) or Less					D17. Basic ECR	0.068x			pcr.-#
None	C1. Saturation Letter	0.152x		pcr.-#		plus	0.485x		lbs.-#
	C2. High Density Letter	0.164x		pcr.-#	D18. 3/5 Automation	0.115x			pcr.-#
	C3. Basic Letter	0.194x	149	pcr.-#		plus	0.582x		lbs.-#
	C4. Basic Auto. Letter	0.171x	96	pcr.-#	D19. Basic Automation	0.154x			pcr.-#
	C5. Saturation Flat	0.160x		pcr.-#		plus	0.582x		lbs.-#
	C6. High Density Flat	0.169x		pcr.-#	D20. 3/5 Presorted	0.142x			pcr.-#
	C7. Basic Flat	0.194x		pcr.-#		plus	0.582x		lbs.-#
DBMC	C8. Saturation Letter	0.131x		pcr.-#	D21. Basic Presorted	0.198x			pcr.-#
	C9. High Density Letter	0.143x		pcr.-#		plus	0.582x		lbs.-#
	C10. Basic Letter	0.173x		pcr.-#	DDU D22. Saturation ECR	0.034x			pcr.-#
	C11. Basic Auto. Letter	0.150x		pcr.-#		plus	0.453x		lbs.-#
	C12. Saturation Flat	0.139x		pcr.-#	D23. High Density ECR	0.043x			pcr.-#
	C13. High Density Flat	0.148x		pcr.-#		plus	0.453x		lbs.-#
	C14. Basic Flat	0.173x		pcr.-#	D24. Basic ECR	0.068x			pcr.-#
DSCF	C15. Saturation Letter	0.126x		pcr.-#		plus	0.453x		lbs.-#
	C16. High Density Letter	0.138x		pcr.-#	Total -- Part D (Carry to front of form)				
	C17. Basic Letter	0.168x	109	pcr.-#	Part E - Presorted Letter Rates -- Pieces 3.3 Oz. (0.2063 Lb.) or Less				
	C18. Basic Auto. Letter	0.145x	16327	pcr.-#	Rates include \$0.04 nonmachinable surcharge.				
	C19. Saturation Flat	0.134x		pcr.-#	None	E1. 3/5	0.288x		pcr.-#
	C20. High Density Flat	0.143x		pcr.-#		E2. Basic	0.306x		pcr.-#
	C21. Basic Flat	0.168x		pcr.-#	DBMC	E3. 3/5	0.267x		pcr.-#
DDU	C22. Saturation Letter	0.120x		pcr.-#		E4. Basic	0.287x		pcr.-#
	C23. High Density Letter	0.132x		pcr.-#	DSCF	E5. 3/5	0.262x		pcr.-#
	C24. Basic Letter	0.162x		pcr.-#		E6. Basic	0.282x		pcr.-#
	C25. Basic Auto. Letter	0.139x		pcr.-#	Total -- Part E (Carry to front of form)				
	C26. Saturation Flat	0.128x		pcr.-#	Part F - Presorted Nonletter Rates -- Pieces 3.3 Oz. (0.2063 Lb.) or Less				
	C27. High Density Flat	0.137x		pcr.-#	Rates include \$0.23 residual shape surcharge.				
	C28. Basic Flat	0.162x		pcr.-#	None	F1. 3/5	0.518x		pcr.-#
Total -- Part C (Carry to front of form)				\$ 2431.249		F2. Basic	0.574x		pcr.-#
Part D - All Letters and Flats More Than 3.3 Oz. (0.2063 Lb.)					DBMC	F3. 3/5	0.497x		pcr.-#
	D1. Saturation ECR	0.034x		pcr.-#		F4. Basic	0.553x		pcr.-#
	plus	0.610x		lbs.-#	DSCF	F5. 3/5	0.492x		pcr.-#
D2. High Density ECR	0.043x			pcr.-#		F6. Basic	0.548x		pcr.-#
	plus	0.610x		lbs.-#	Total -- Part F (Carry to front of form)				
D3. Basic ECR	0.068x			pcr.-#	PS Form 3602-R/RS/HR, August 2003 Facsimile (Page 2 of 2)				
	plus	0.610x		lbs.-#					
D4. 3/5 Automation	0.115x			pcr.-#					
	plus	0.708x		lbs.-#					
D5. Basic Automation	0.154x			pcr.-#					
	plus	0.708x		lbs.-#					
D6. 3/5 Presorted	0.142x			pcr.-#					
	plus	0.708x		lbs.-#					
D7. Basic Presorted	0.198x			pcr.-#					
	plus	0.708x		lbs.-#					
DBMC D8. Saturation ECR	0.034x			pcr.-#					
	plus	0.510x		lbs.-#					
D9. High Density ECR	0.043x			pcr.-#					
	plus	0.510x		lbs.-#					
D10. Basic ECR	0.068x			pcr.-#					
	plus	0.510x		lbs.-#					
D11. 3/5 Automation	0.115x			pcr.-#					
	plus	0.608x		lbs.-#					
D12. Basic Automation	0.154x			pcr.-#					
	plus	0.608x		lbs.-#					
D13. 3/5 Presorted	0.142x			pcr.-#					
	plus	0.608x		lbs.-#					
D14. Basic Presorted	0.198x			pcr.-#					
	plus	0.608x		lbs.-#					
DSCF D15. Saturation ECR	0.034x			pcr.-#					
	plus	0.485x		lbs.-#					
D16. High Density ECR	0.043x			pcr.-#					
	plus	0.485x		lbs.-#					
D17. Basic ECR	0.068x			pcr.-#					
	plus	0.485x		lbs.-#					
D18. 3/5 Automation	0.115x			pcr.-#					
	plus	0.582x		lbs.-#					
D19. Basic Automation	0.154x			pcr.-#					
	plus	0.582x		lbs.-#					
D20. 3/5 Presorted	0.142x			pcr.-#					
	plus	0.582x		lbs.-#					
D21. Basic Presorted	0.198x			pcr.-#					
	plus	0.582x		lbs.-#					
DDU D22. Saturation ECR	0.034x			pcr.-#					
	plus	0.453x		lbs.-#					
D23. High Density ECR	0.043x			pcr.-#					
	plus	0.453x		lbs.-#					
D24. Basic ECR	0.068x			pcr.-#					
	plus	0.453x		lbs.-#					
Total -- Part D (Carry to front of form)				\$					
Part E - Presorted Letter Rates -- Pieces 3.3 Oz. (0.2063 Lb.) or Less									
Rates include \$0.04 nonmachinable surcharge.									
None	E1. 3/5	0.288x		pcr.-#					
	E2. Basic	0.306x		pcr.-#					
DBMC	E3. 3/5	0.267x		pcr.-#					
	E4. Basic	0.287x		pcr.-#					
DSCF	E5. 3/5	0.262x		pcr.-#					
	E6. Basic	0.282x		pcr.-#					
Total -- Part E (Carry to front of form)				\$					
Part F - Presorted Nonletter Rates -- Pieces 3.3 Oz. (0.2063 Lb.) or Less									
Rates include \$0.23 residual shape surcharge.									
None	F1. 3/5	0.518x		pcr.-#					
	F2. Basic	0.574x		pcr.-#					
DBMC	F3. 3/5	0.497x		pcr.-#					
	F4. Basic	0.553x		pcr.-#					
DSCF	F5. 3/5	0.492x		pcr.-#					
	F6. Basic	0.548x		pcr.-#					
Total -- Part F (Carry to front of form)				\$					

CODING ACCURACY SUPPORT SYSTEM CASS				SUMMARY REPORT PS FORM 3553	
S O F T W A R E	A1. CASS				
	CASS Certified Company Name Firstlogic			Configuration STD	
	CASS Certified Software Name & Version Postulsoft Encoder 7.50.01.1				
	24Change Certified Company Name 24Change Software Name & Version			Configuration N/A	
L I S T	eLOT Certified Company Name Firstlogic			Configuration STD	
	eLOT Software Name & Version Postulsoft Encoder 7.50.01.1				
	A2. MASS				
	MASS Certified Company Name				
O U T P U T	MASS Certified Software Name & Version				
	Configuration			MLOCN Serial Number	
	B1. LIST PROCESSOR City of Lodi		B2. DATE LIST PROCESSED MASTER FILE: 28-Jul-2005 24CHANGE: eLOT: 28-Jul-2005 CRIS:		B3. DATE OF DATABASE ZIP+4 FILE: 06/2005 24CHANGE: eLOT: 06/2005 CRIS:
	B4. ADDRESS LIST NAME 6890b		B5. NUMBER OF LISTS 1		B6. TOTAL ADDRESSES 18940
M A I L E R	CASS OUTPUT RATING		TOTAL CODED		VALIDATION PERIOD FROM TO
	C1. RECORDS ZIP+4 CODED		18722		07/28/2005 01/24/2006
	C2. RECORDS 24CHANGE PROCESSED		0		XXXXXXXXXX XXXXXXXXXX
	C3. RECORDS DEBC CODED		18722		07/28/2005 01/24/2006
	C4. RECORDS 5-DIGIT CODED		18900		07/28/2005 07/28/2006
	C5. RECORDS CR RT CODED		18742		07/28/2005 10/26/2005
	C6. RECORDS eLOT ASSIGNED		18722		07/28/2005 10/26/2005
Q S S	D1. SIGNATURE OF MAILER 		D2. DATE SIGNED 7.28.05		
	I certify that the mailing submitted with this form has been ZIP+4 coded (as indicated above) using CASS certified software meeting all requirements of Domestic Mail Manual A950.		D3. NAME & ADDRESS OF MAILER Pre-Sort Center 3806 Corcoran Ave. Stockton, CA 95204		
Q S S	For Informational Purposes Only: QSS is solely made available for the list processor's review and analysis. This information is not to be considered by the Postal Service personnel in determining rate eligibility under any circumstances.				
	High Rise Default	High Rise Exact	Rural Route Default	Rural Route Exact	Locatable Address Conversion System (LACS)
	205	899	0	3	11
	EWS	DPV	RDI		
	0	0	0		



City of Lodi

300 West Pine St., PO Box 3006

Lodi, CA 95241

filed Eunice Frederick

Item I-1

Account Number 0007087-0

Your Bank Account will be drafted Sep 08, 2005 \$64.40

Res: 425 E Oak St

Service from Jul 19 to Aug 18, 2005

Your meter was read on Aug 18, 2005

Billing Date Aug 19, 2005

EUNICE FRIEDERICH
425 E OAK ST
LODI CA 95240

Have a question about your bill?

Delinquent bill, call: 333-6717

Start or stop service, call: 333-6719

Summary of Account

Enrolled in SHARE Discount Program

Previous Balance:	61.66	
Payments Received as of Aug 18, 2005	-61.66	
Adjustments/Late Charges	0.00	
Balance Forward		\$0.00
Charges:		
Electric	20.78	
Water	17.90	
Wastewater	16.21	
Solid Waste	9.51	
Total Charges:		64.40

Current Balance

\$64.40

Please refer to attached detail pages for information about each utility charge

Keep this portion for your records. Please see reverse for important information.

Please return this portion with your payment



0007087000000006440

Service Address
425 E Oak St
Lodi, CA

Eunice Friederich

Account Number 0007087-0

Your Bank Account will be drafted Sep 08, 2005

v-- MAKE SURE THIS ADDRESS SHOWS IN THE RETURN ENVELOPE WINDOW --v

See Message on Last Page

City of Lodi
PO Box 3006
Lodi, CA 95241-1910

\$64.40

Enter payment amount



City of Lodi

300 West Pine St., PO Box 3006

Lodi, CA 95241

Account Number 0019753-3

Your Bank Account will be drafted Jul 26, 2005 \$52.57

Res: 325 N Pleasant Av

Service from Jun 02 to Jul 05, 2005

Your meter was read on Jul 05, 2005

Billing Date Jul 06, 2005

EMMA SCHMIERER
325 N PLEASANT AV
LODI CA 95240

Have a question about your bill?

Delinquent bill, call: 333-6717

Start or stop service, call: 333-6719

Summary of Account

Enrolled in SHARE Discount Program

Previous Balance:	51.36	
Payments Received as of Jul 05, 2005	-51.36	
Adjustments/Late Charges	0.00	
Balance Forward		\$0.00
Charges:		
Electric	4.64	
Water	21.46	
Wastewater	16.96	
Solid Waste	9.51	
Total Charges:		52.57

Current Balance

\$52.57

Please refer to attached detail pages for information about each utility charge

Keep this portion for your records. Please see reverse for important information.

Please return this portion with your payment



Service Address
325 N Pleasant Av
Lodi, CA

0019753300000005257

Emma Schmierer

Account Number 0019753-3

Your Bank Account will be drafted Jul 26, 2005

v-- MAKE SURE THIS ADDRESS SHOWS IN THE RETURN ENVELOPE WINDOW --v

See Message on Last Page

\$52.57

Enter payment amount

City of Lodi
PO Box 3006
Lodi, CA 95241-1910



City of Lodi

300 West Pine St., PO Box 3006

Lodi, CA 95241

Account Number 0019753-3

Your Bank Account will be drafted Sep 28, 2005 \$55.34

Res: 325 N Pleasant Av

Service from Aug 02 to Sep 02, 2005

Your meter was read on Sep 02, 2005

Billing Date Sep 08, 2005

EMMA SCHMIERER
325 N PLEASANT AV
LODI CA 95240

Have a question about your bill?

Delinquent bill, call: 333-6717

Start or stop service, call: 333-6719

Summary of Account

Enrolled in SHARE Discount Program

Previous Balance:	55.14	
Payments Received as of Sep 02, 2005	-55.14	
Adjustments/Late Charges	0.00	
Balance Forward		\$0.00
Charges:		
Electric	4.11	
Water	21.46	
Wastewater	20.26	
Solid Waste	9.51	
Total Charges:		55.34

Current Balance

\$55.34

75.83

Please refer to attached detail pages for information about each utility charge

Keep this portion for your records. Please see reverse for important information.

Please return this portion with your payment



0019753300000005534

Service Address
325 N Pleasant Av
Lodi, CA

Emma Schmierer

Account Number 0019753-3

Your Bank Account will be drafted Sep 28, 2005

v-- MAKE SURE THIS ADDRESS SHOWS IN THE RETURN ENVELOPE WINDOW --v

See Message on Last Page

City of Lodi
PO Box 3006
Lodi, CA 95241-1910

\$55.34

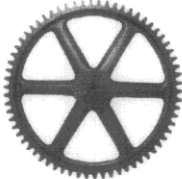
Enter payment amount

filed 9-21-05
Item I-1

1


City of Lodi


**Funding of PCE/TCE Groundwater
Remediation**




Public Hearing - September 21, 2005
City of Lodi Staff

BARTLE WELLS ASSOCIATES







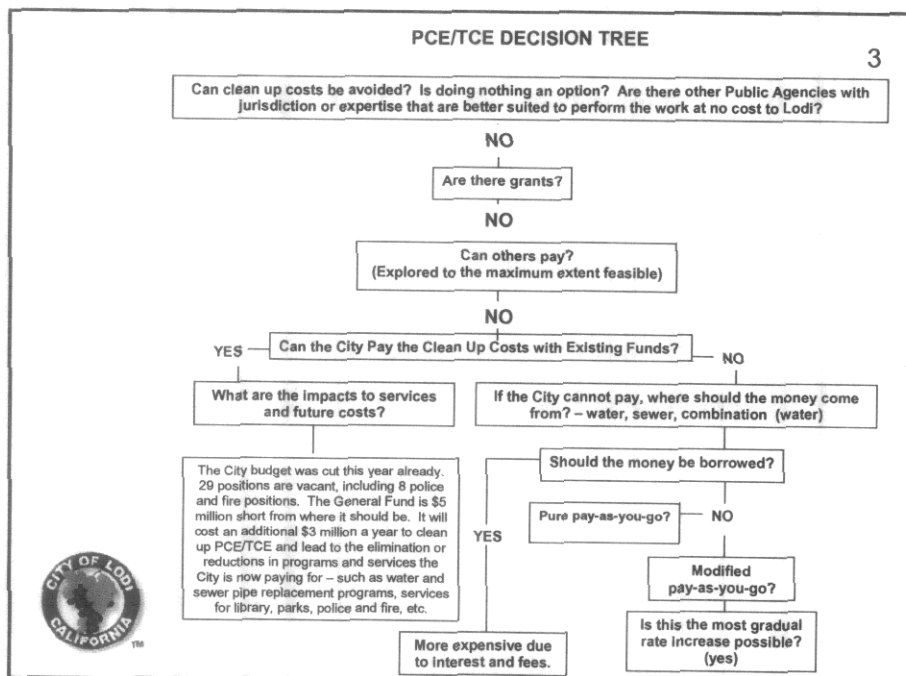
2

 **All-In Costs of PCE/TCE**

- Net cost of implementing remediation plan is estimated to be \$45.7 million and includes capital, operating, and legal expenses, and settlements due to other parties less settlement revenues due to the City
- Above costs include pay back of past expenses (total \$12.2 million, which includes \$1.9 million of expenses owed to the sewer utility)








4

What are the impacts to services and future costs?

Absorbing PCE/TCE clean up costs in the General Fund would require a 7% reduction in current General Fund programs and services (library, parks, police and fire, etc.)



Why Lodi?

5

➤ Litigation against the "polluters"

- Cost Benefit Analysis: must be performed because City cannot recover the legal costs to sue the polluters
- Polluters Assets
 - Cash: With a few exceptions, most of the businesses are small operations without significant cash or other assets
 - Insurance: Nearly all policies at issue in Lodi have some form of pollution exclusion that creates litigation risk regarding potential for recovery
- Federal Court found City to be potentially responsible; as the deepest pocket, amounts needed above polluters assets could be allocated to the City
- Polluters and their carriers are paying:
 - Central Plume: \$7.375 million – nearly half of cleanup costs
 - Busy Bee: full expected cost of cleanup
 - Southern Plume: existing settlements and offers exceed 2/3 of estimated cleanup cost
 - Northern and South Central/Western: Cost sharing agreements in place to define the plumes
- Central and Southern Plume Settlements require City to perform cleanup



Why Lodi?

6

➤ Litigation Against the State of California

- The California Regional Water Quality Control Board determined that the City is liable because the contaminants came from our sewers and our water wells have moved the contaminants. They ordered the City to pay for the cleanup.
- Refusal to comply subjects the City to more litigation from the State, fines and attorneys' fee awards.
- The US EPA and the Regional Water Quality Control Board are primarily enforcement, rather than cleanup, agencies. They do have limited funds for sites that either present an immediate public health crisis with no known responsible parties or fit some predefined program goal such as public involvement.
- The City is pursuing grant opportunities but does not currently anticipate significant grant funding.



Why Lodi?

7

➤ Our Water is at Risk

- PCE and TCE have been identified as carcinogens by the State and Federal Government.
- They are in Lodi's groundwater at levels thousands of times above the approved levels.
- Though the water we currently serve is safe (PCE has not yet reached our operating wells in unsafe levels), it will ultimately contaminate our wells if left untreated.



Rate Increase Alternatives

8

- Three rate alternatives were considered:
 - Pure rate funding on a pay-as-you-go annual basis
 - Modified smooth pay-as-you-go, use of cash and reserve from rate increases
 - Long-term financing, use of cash from rate increases plus revenue bonds
- BWA recommends the modified pay-as-you-go alternative
 - Minimizes long-term costs
 - Minimizes annual rate increases
 - Provides predictable rates





Recommended Alternative

9

- Use cash from settlements and rate increases (no borrowing)
- Re-pay accrued expenses
- Increases are phased-in
- Rates for 3-bedroom home
 - January 1, 2006 add \$3.50 (\$30.33/month)
 - July 1, 2006 add \$3.50 (\$33.83/month)
 - July 1, 2007 add \$3.50 (\$37.33/month)
 - Adjustment each July 1 to account for changes in Consumer Price Index



10

What is the Problem?

- PCE and TCE are harmful
- They are in the soil (which means vapors can enter buildings)
- They are in the groundwater at levels greatly exceeding drinking water standards
- The City's water system is interconnected, so if contaminated water is drawn into a City well, it will be spread throughout the City. (Some wells are showing traces.)



What is the Clean up?

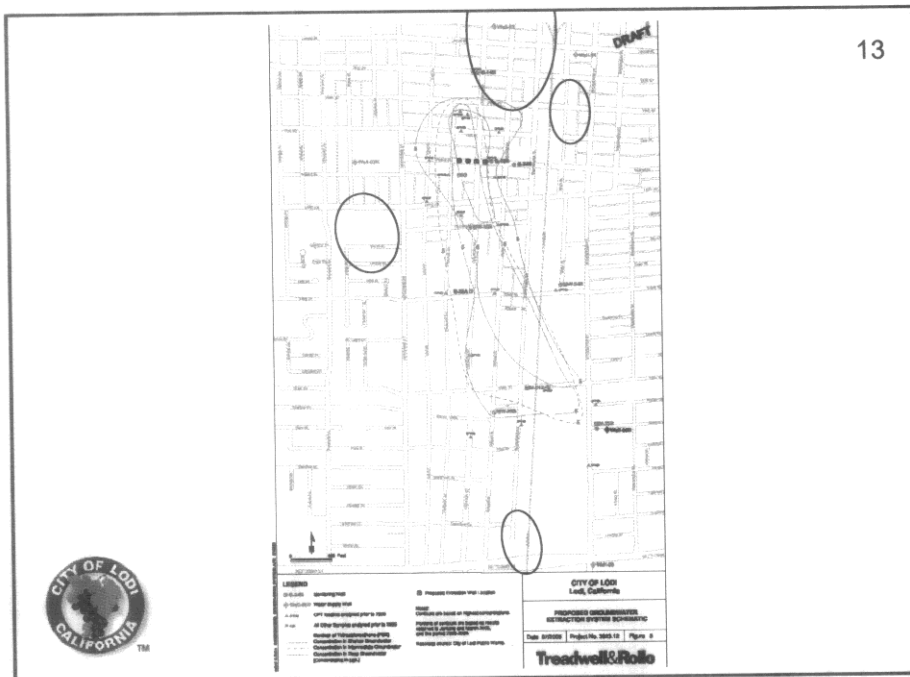
- Soil Vapor Extraction (SVE) – vacuum fans remove vapors from soil above groundwater via special wells; vapors removed from air with carbon or other methods
- “Sparging” – Injection of air bubbles or ozone in groundwater to trap vapor and carry PCE to the soil above where it is removed by SVE



What is the Clean up?

- Groundwater Extraction – pumping groundwater containing PCE and removing from the water with carbon or other methods; water is then suitable for domestic use
- Ongoing monitoring and reporting
- SVE/Sparge could run for five years
- GW extraction will take 30+/- years






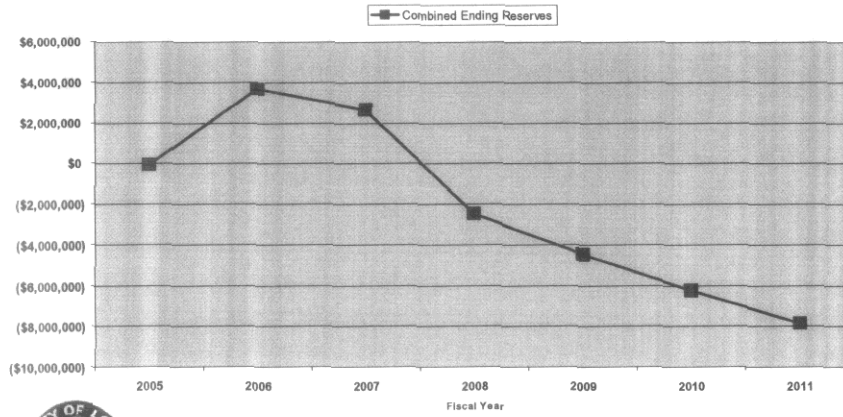
14

Other Factors in Recommended Rate Increase

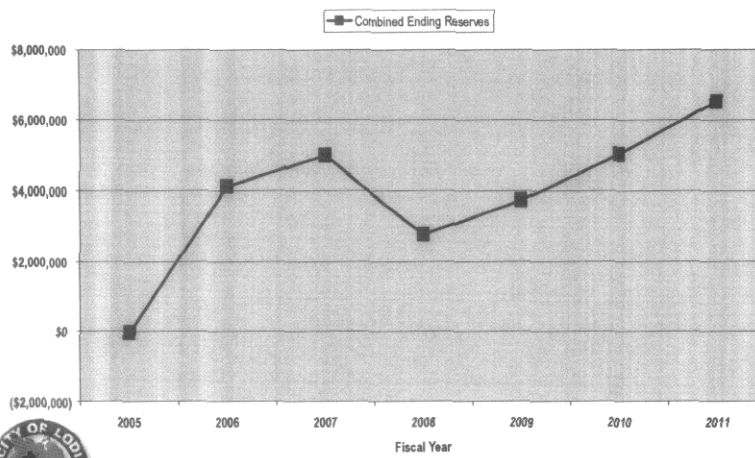
- Limited General Fund revenue and lack of reserves means it cannot support the Water Enterprise
- Account for PCE costs in separate "sub-fund"
- Maintain combined *minimum* 15% reserve in operating, capital and cleanup funds (should be higher)



Water Fund Balances
Without Rate Increase



Water Fund Balances
With Rate Increase



Rate Increase Process

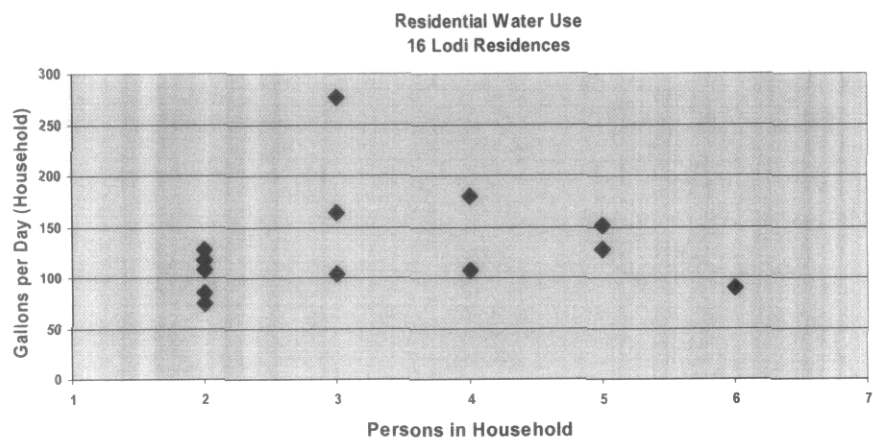
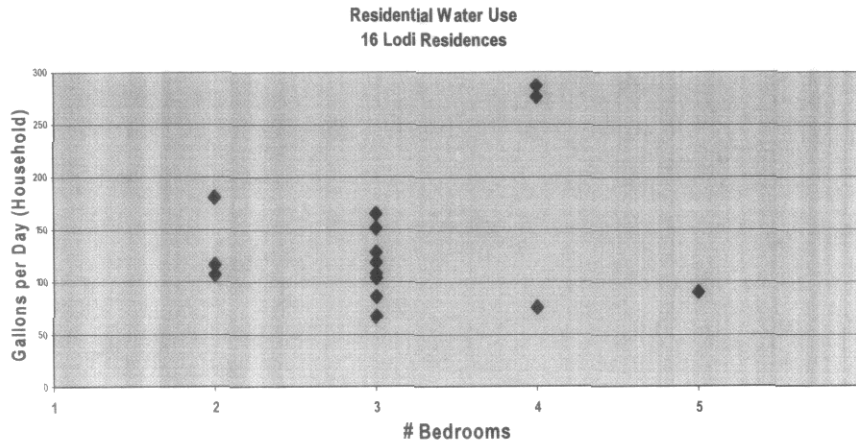
- July 20, 2005 - Council approved proposed rates, notice and set Public Hearing
- August 3, 2005 – Council heard second public presentation on rates and approved voting process
- July/August – Other public presentations, articles, legal notices, etc.



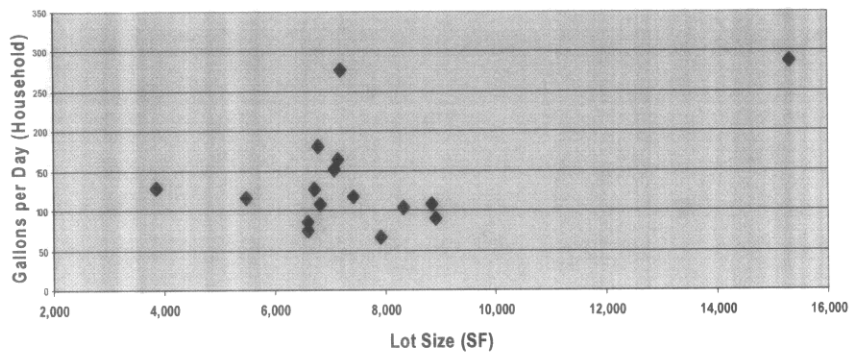
Other Issues Raised During Protest Period

- Water Safety – water being provided meets/exceeds standards; however, supply is threatened
- Expiration Date – uncertain at this point, should be able to reduce in future, provisions established to monitor
- Billing method – bedrooms, occupancy, meters





Residential Water Use
16 Lodi Residences




Water Meters

- Billing by usage mandated by 2026
- Budget includes installation of 400 meters this year to study usage and evaluate metered rate
- Upcoming Council items:
 - RFP for meter purchase
 - Plans & Specifications for installation
 - Policies on upgrading for existing customers



23

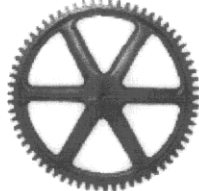
Flat Rates Single-Family Residential	Current Rates Effective 5/1/2005				Rates Effective 1/1/2006				Rates Effective (1) 7/1/2006				Rates Effective (1) 7/1/2007			
	Base	Infr.	PCE/ Total	Monthly	Base	Infr.	PCE/ Total	Monthly	Base	Infr.	PCE/ Total	Monthly	Base	Infr.	PCE/ Total	Monthly
1 BR - House	13.67	4.97	0.00	18.64	13.67	4.97	2.43	21.07	13.67	4.97	4.88	23.50	13.67	4.97	7.28	25.93
2 BR - House	16.41	5.97	0.00	22.38	16.41	5.97	2.92	25.30	16.41	5.97	5.84	28.22	16.41	5.97	8.78	31.14
3 BR - House	19.68	7.15	0.00	26.83	19.68	7.15	3.50	30.33	19.68	7.15	7.00	33.83	19.68	7.15	10.50	37.33
4 BR - House	23.64	8.60	0.00	32.24	23.64	8.60	4.20	36.44	23.64	8.60	8.41	40.65	23.64	8.60	12.61	44.85
5 BR - House	28.36	10.32	0.00	38.68	28.36	10.32	5.04	43.72	28.36	10.32	10.09	48.77	28.36	10.32	15.13	53.81
6 BR - House	34.03	12.38	0.00	46.41	34.03	12.38	6.05	52.46	34.03	12.38	12.10	58.51	34.03	12.38	18.18	64.57
7 BR - House	40.82	14.85	0.00	55.67	40.82	14.85	7.26	62.93	40.82	14.85	14.52	70.19	40.82	14.85	21.78	77.45
Multi-Family Residential																
1 BR - APT	11.73	4.27	0.00	16.00	11.73	4.27	2.09	18.09	11.73	4.27	4.17	20.17	11.73	4.27	6.26	22.28
2 BR - APT	14.07	5.12	0.00	19.19	14.07	5.12	2.50	21.69	14.07	5.12	5.00	24.19	14.07	5.12	7.51	26.70
3 BR - APT	16.88	6.14	0.00	23.02	16.88	6.14	3.00	26.02	16.88	6.14	6.00	29.02	16.88	6.14	9.01	32.03
4 BR - APT (2)	20.26	7.38	0.00	27.64	20.26	7.38	3.60	31.24	20.26	7.38	7.21	34.85	20.26	7.38	10.81	38.45
Flat-Rate Commercial Customers - Varies																
Metered Rates (3)					Flat rates increase 13.05% 01/01/06				Flat rates increase 11.545% 07/01/06				Flat rates increase 10.35% 07/01/07			
	Base	Base Infr.	PCE/ \$ccf \$ccf TCE		Base	Base Infr.	PCE/ \$ccf \$ccf TCE		Base	Base Infr.	PCE/ \$ccf \$ccf TCE		Base	Base Infr.	PCE/ \$ccf \$ccf TCE	
5/8" x 1/2" meter	-	-	-	-	14.35	0.490	0.233	3.19	14.35	0.490	0.233	6.37	14.35	0.490	0.233	9.56
3/4" meter (Standard)	15.77	0.490	0.233	0.00	15.77	0.490	0.233	3.50	15.77	0.490	0.233	7.00	15.77	0.490	0.233	10.50
1" meter	23.65	0.490	0.233	0.00	23.65	0.490	0.233	5.25	23.65	0.490	0.233	10.51	23.65	0.490	0.233	15.76
1 1/4" meter	31.53	0.490	0.233	0.00	31.53	0.490	0.233	7.00	31.53	0.490	0.233	14.00	31.53	0.490	0.233	21.01
2" meter	39.43	0.490	0.233	0.00	39.43	0.490	0.233	8.76	39.43	0.490	0.233	17.51	39.43	0.490	0.233	26.27
3" meter	55.19	0.490	0.233	0.00	55.19	0.490	0.233	12.26	55.19	0.490	0.233	24.51	55.19	0.490	0.233	36.77
4" meter	70.96	0.490	0.233	0.00	70.96	0.490	0.233	15.76	70.96	0.490	0.233	31.52	70.96	0.490	0.233	47.28
6" meter	102.60	0.490	0.233	0.00	102.60	0.490	0.233	22.77	102.60	0.490	0.233	45.53	102.60	0.490	0.233	68.30
8" meter	134.06	0.490	0.233	0.00	134.06	0.490	0.233	29.75	134.06	0.490	0.233	59.50	134.06	0.490	0.233	89.25
10" meter	165.60	0.490	0.233	0.00	165.60	0.490	0.233	36.75	165.60	0.490	0.233	73.50	165.60	0.490	0.233	110.25





(1) Rates effective each July 1 will be adjusted for changes in the Consumer Price Index
 (2) Plus 20% for each additional bedroom
 (3) Monthly total for metered commercial customers depends on amount of water used; ccf = one hundred cubic feet
 (4) Established City Utility Discounts apply to above rates

24

Discussion & Questions







**CITY CLERK'S CERTIFICATE
RE: WRITTEN PROTESTS**

PROPOSED WATER RATE INCREASE

I, SUSAN J. BLACKSTON, City Clerk of the City of Lodi hereby certify:
City Clerk staff have personally received and assembled all written protests
returned by mail or delivered in person.

At the conclusion of the public hearing on September 21, 2005, I tabulated
the written protests and certify the result of that tabulation to be as follows:

TOTAL NUMBER OF PROPERTIES:	18,939
on which the rates are imposed as shown on the last equalized assessment roll of San Joaquin County	

TOTAL NUMBER OF WRITTEN PROTESTS RECEIVED:	3,278
to the proposed increase to monthly water rates	

I make this certification on September 22, 2005


SUSAN J. BLACKSTON
CITY CLERK